

STATE OF NEBRASKA

DEPARTMENT OF INSURANCE

L. Tim Wagner
Director



Dave Heineman
Governor

MEMORANDUM

In order to obtain a Prepaid Limited Health Service Organization Certificate of Authority, an application must be filed with the Department. A cover letter requesting a certificate of authority is sufficient. It must also contain the following information.

An application shall be verified by an officer or authorized representative of the applicant and shall set forth the following:

- (1) A copy of the basic organizational document, if any, of the applicant, such as the articles of incorporation, articles of association, articles of organization, partnership agreement, trust agreement, or other applicable documents and all amendments to such documents;
- (2) A copy of all bylaws, rules and regulations, or similar documents, if any, regulating the conduct of the internal affairs of the applicant;
- (3) A list of the names, addresses, official positions, and biographical information of the individuals who are responsible for conducting the applicant's affairs, including, but not limited to, all members of the board of directors, board of trustees, executive committee, or other governing board or committee, the principal officers, any person or entity owning or having the right to acquire ten percent or more of the voting securities of the applicant, and the partners or members in the case of a partnership, limited liability company, or association;
- (4) A statement generally describing the applicant, its facilities and personnel, and the limited health services to be offered;
- (5) A copy of the form of any contract made or to be made between the applicant and any providers regarding the provision of limited health services to enrollees;
- (6) A copy of the form of any contract made or to be made between the applicant and any person listed in subdivision (3) of this section;
- (7) A copy of the form of any contract made or to be made between the applicant and any person, corporation, partnership, limited liability company, or other entity for the performance on the applicant's behalf of any functions, including, but not limited to, marketing, administration, enrollment, investment management, and subcontracting for the provision of limited health services to enrollees;
- (8) A copy of the form of any group contract which is to be issued to employers, unions, trustees, or other organizations and a copy of any form of evidence of coverage to be issued to subscribers;
- (9) A copy of the most recent financial statements of the applicant audited by independent certified public accountants. If the financial affairs of the applicant's parent company are audited by independent certified public accountants but those of the applicant are not, a copy of the most recent audited financial statement of the applicant's parent company,

certified by an independent certified public accountant, attached to which shall be consolidating financial statements of the applicant, shall satisfy this requirement unless the director determines that additional or more recent financial information is required for the proper administration of the Prepaid Limited Health Service Organization Act;

- (10) A financial plan which includes a three-year projection of anticipated operating results, a statement of the sources of working capital, any other sources of funding, and provisions for contingencies;
- (11) A schedule of rates and charges;
- (12) A description of the proposed method of marketing;
- (13) A description of the complaint procedures to be utilized as required under section 44-4713;
- (14) A description of the quality assessment and utilization review procedures to be utilized by the applicant;
- (15) A description of how the applicant will comply with section 44-4718; and
- (16) The fee for issuance of a certificate of authority of \$100.00.

(A) Each prepaid limited health service organization shall, at all times, have and maintain a tangible net equity at least equal to the greater of (a) fifty thousand dollars or (b) two percent of the organization's annual gross premium income, up to a maximum of the required capital and surplus of an accident and health insurer.

(B) A prepaid limited health service organization that has uncovered expenses in excess of fifty thousand dollars, as reported on the most recent annual financial statement filed with the director, shall maintain tangible net equity to twenty-five percent of the uncovered expense in excess of fifty thousand dollars in addition to the tangible net equity required by subsection (A) of this section.

(C) Each prepaid limited health service organization shall deposit, with the director or with any organization or trustee acceptable to the director through which a custodial or controlled account is utilized, cash, securities, or any combination of these to twenty-five thousand dollars plus twenty-five percent of the tangible net equity required in subsection (A) not to exceed one hundred thousand dollars.

The deposit shall be an admitted asset of the prepaid limited health service organization in the determination of tangible net equity and shall be used to protect the interests of the prepaid limited health service organization's enrollees and to assure continuation of limited health services to enrollees of a prepaid limited health service organization that is in rehabilitation or conservation. If a prepaid limited health service organization is placed in receivership or liquidation, the deposit shall be an asset subject to the liquidation laws of the state.

All income from deposits shall be an asset of the prepaid limited health service organization.

A health maintenance organization, an accident and health insurance company, or a fraternal benefit society which is not otherwise authorized to offer limited health services on a per capita or fixed prepayment basis may do so by filing for approval with the director the information described in paragraphs (4), (5), (7), (8), (10), (11), (12), and (14).